

## The top five tips for CRM strategy

By **Matt Hines**

The familiar refrain of CRM failure is a hard one to avoid these days with so many industry watchers pointing to flawed strategies among customers, vendors and consultants as the reasons for an overwhelming lack of success.

Researchers such as Gartner Group and Meta Group have chronicled failure rates of 55-70% for CRM implementations in general, and point to a lack of clear strategy as a key contributor to this dismal industry track record. So, it would seem only rational to turn to these same industry watchers for their answers to the obvious questions that arise out of this: which CRM strategies work, and why?

To find out just what CRM strategies are paying off and why these tactics are the cornerstones to success, SearchCRM tracked down five industry experts for their best advice to the masses. What follows is the first in a three-part series on their top tips for effective CRM strategies.

### **Tip 1: Tackle business issues before choosing a technology.**

Almost all of the experts agreed that most CRM buyers get confused into thinking that technology is the answer to their problems when in most cases, core businesses processes need to be rethought to better serve customers.

"CRM is not about technology. It is about the interplay of strategy, tactics, processes, skills and the technology that supports these areas. In fact, CRM can be done without technology. But it cannot scale without technology. Therefore, firms need to place the emphasis on a balance of these five areas," said Scott Nelson, analyst for Gartner Group, Stamford, Conn.

Tom Topolinski, an analyst with Gartner research division Dataquest, agreed.

"Consider your current sales, marketing, support and service processes," he said. "[Ask yourself] will this new system fit into them or mandate that they be changed? How much change can I afford? What is driving our current customer philosophy? Will the new system fit into this or mandate change to how we treat our clients?"

### **Tip 2: Explain real business needs to vendors/partners before investing.**

In speaking to analysts about CRM's disappointment, it becomes immediately clear that a distinct lack of communication between many organizations and their vendor partners has factored heavily into the climate of disenchantment.

"Communicate the business issues to your prospective vendors," said David Bradshaw, an analyst at London-based researcher Ovum. "The best suppliers will ask smart questions and come up with smarter solutions that you can by yourself. So don't cramp their style by dictating technology, instead demand proposals that make business sense."

Other analysts concurred that having the right game plan before committing to a vendor will equate to a much higher chance at success.

"Be proactive," suggested Denis Pombriant, analyst at Boston-based Aberdeen Group. "Always perform a baseline study of your situation before inviting vendors into the process or perform the study as part of the sales process with a few select vendors. This process was once called needs analysis and was directed by the vendor. The result was identification of problems that the vendors felt qualified to solve which may or may not have been congruent with the actual business problems of the purchasing organization."

### **Tip 3: Keep the customer as priority no. 1.**

The point of CRM is getting closer to your customers but many analysts feel internal organizational issues often overshadow this goal.

"Never lose focus on your customers," Ovum's Bradshaw advised. "Make things better for them, not worse, or they'll vote with their feet. Customers are smart enough to know that notices beginning 'For your convenience' usually mean the opposite!"

According to Gartner's Nelson, the customer should be the number one focus throughout developing any CRM strategy.

"Organize around the customer and not products or geographies," the analyst said. "All the investment made in systems will not help you if you continue to be structured around products. Customers do not understand your firm's political structures. Don't make them."

### **Tip 4: Eat the elephant in small pieces.**

Almost all of the experts agreed that having the right schedule should go a long way toward achieving more effective CRM.

"Take manageable, deliberate steps towards your ultimate goal of enterprise-wide CRM," offered Ovum's Bradshaw. "Make it work in one area at a time, and make sure you have demonstrable results before moving on. If you can go for the 'easy wins' first, that's great, but it isn't always an available option. For example, getting to clean, consistent customer data is never easy, but it is vital."

Many of the tipsters suggested taking a "wave approach" that looks at the big picture but deals with various elements as they come up.

"CRM is iterative," said Gartner's Nelson. "It often takes a while to see the results. One of the easiest traps to fall into is 'once and done.' CRM is not like that. Firms should think in terms of iterative waves, where they learn more about the customer, and improve their sales, marketing and service abilities with each iteration."

### **Tip 5: Keep it enterprise.**

Another common theme among the analysts is the war cry to keep top-level executives involved in the CRM process from start to finish, and to emphasize that the enterprise approach cannot fall prey to issues of departmental independence.

"Too many executives don't know what CRM is, and what it really means to their organization, before they start writing big checks," said Allen Bonde, president of the Boston-based Allen Bonde Group. "Once they do [understand CRM], then you need to build consensus among business and IT managers on how to achieve it."

Gartner's Nelson said he has seen the departmental approach cause failure in CRM projects more than once.

"CRM done at a department level sub-optimizes the customer relationship," he said. "This is why CRM needs to be strategized at an enterprise level, even if a particular initiative is departmental in nature. Think strategically, invest tactically, and make sure everything fits into an enterprise wide strategy."